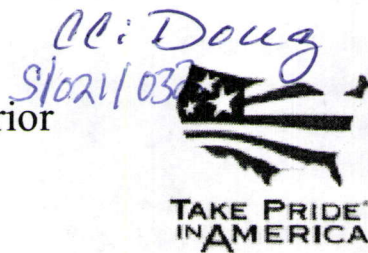




United States Department of the Interior

BUREAU OF LAND MANAGEMENT

**Cedar City Field Office**  
176 East DL Sargent Drive  
Cedar City, UT 84720  
Telephone (435) 586-2401  
[www.ut.blm.gov/cedar\\_city/](http://www.ut.blm.gov/cedar_city/)



**RECEIVED**

JUL 20 2006

**DIV. OF OIL, GAS & MINING**

**In Reply Refer To:**

UT-042  
3602: UTU-79327

July 13, 2006

**Certified Mail #7005 2570 0001 7493 7005**  
**Return Receipt Requested**

Mr. Lonny Hafen  
Color Country Rock, LLC  
115 South Main  
Veyo, UT 84782

Dear Mr. Hafen:

This letter is in regard to Color Country Rock's Rhyolite #1 Decorative Rock Quarry. The Rhyolite #1 Quarry occupies BLM-managed land on portions of secs. 35, T. 35 S., R. 17 W., Iron County, Utah. Crushed rock produced from the Rhyolite #1 Quarry is presently sold through sales contract UTU-79327, a five-year non-competitive contract which will expire on July 30, 2006.

Your letter dated July 7, 2006, and received in this office on July 11, 2006, requests renewal of the sales contract on this site for an additional five years. On July 12, 2006, Ed Ginouves of my staff contacted you via telephone and discussed the terms of the requested new contract. You subsequently chose to alter your request to a one year contract for 1,000 tons of rock. As part of your conversation, Mr. Ginouves explained to you that the current reclamation bond of \$2,250 is inadequate to secure reclamation of the existing disturbances at the site. The current bond will need to be increased to comply with the DOGM's standard reclamation schedule, prior to any contract renewal. Mr. Ginouves also warned you that all mining and processing at the site under the existing contract must cease on July 30, 2006. Any removal of rock previously mined, processed and stockpiled on site before July 30, 2006 must occur within ninety days of contract termination (October 30, 2006). Following the ninety day grace period, all remaining rock on site reverts to the ownership of the Federal government and can only be removed through a new sales contract and associated royalty payment.

On October 7, 2005, a final rule was published in the Federal Register (70 FR 58872) to amend the BLM regulations to increase certain fees and to impose new fees to cover costs of processing certain documents relating to its minerals program. The final rule, which became effective on November 7, 2005, requires BLM to collect "case-by-case fees" associated with processing of mineral material sales under regulations 43 CFR 3602.11 and 43 CFR 3000.11.

BLM based these fee changes on statutory authorities (Independent Offices Appropriation Act of 1952, 31 USC 9701 and Section 304 of the Federal Land Policy and Management Act of 1976, 43 USC 1734) which authorize BLM to charge for processing costs. Policy guidance from the Office of Management and Budget (OMB) and the Department of the Interior also require BLM to charge cost recovery fees.

We are required to provide you with a written fee estimate of the additional costs associated with obtaining a new contract prior to processing the contract. The total estimated cost recovery fee is **\$500.00** for your proposed mineral material contract. Attached is a copy of the fee estimate for your contract

Please review the estimate in light of the 43 CFR 3000.11 rules and either provide comments within 30 days or, if the estimate is acceptable, please sign the enclosed estimate and return it to this office. We will then send you a final fee estimate and bill, which will be due in full 30 days after receiving the bill. BLM must receive payment of the estimated cost recovery fees before processing of your contract will begin.

Should you have any questions, please contact Ed Ginouves of my staff at 435-865-3040.

Sincerely,



Randy M. Trujillo  
Chief, Non-Renewable Resources

Enclosure: Cost Estimate to Renew Non-Competitive Sales Contract UTU-79327

cc: Doug Jensen, DOGM / Small Mine Permit S/021/032

**Fee Estimate for Case by Case Processing  
Non-competitive Sales Contract Cost Recovery**

**Project Information**

**Serial Number:** UTU-79327  
**Date Filed:** July 13, 2006

**Applicant:** Color Country Rock, LLC  
**Address:** 115 South Main, Veyo, UT 84782

**Agent:** Mr. Lonny Hafen  
**Address:**

**Type of Application:** Non-competitive Sales Contract, 43 CFR 3602.30

**Location:** Rhyolite #1 Quarry, Iron County, UT  
T. 35 S., R. 17 W., Sec. 35: portions of the SW¼SE¼

**Estimated Processing Requirements for NEPA Compliance**

**Is NEPA Analysis Required?** Yes \_\_\_\_\_ No X \_\_\_\_\_  
**Level of NEPA Review:** EIS \_\_\_\_\_ EA \_\_\_\_\_  
**Will BLM conduct NEPA Analysis?** Yes \_\_\_\_\_ No \_\_\_\_\_

**Cost Recovery Estimate (43 CFR 3000.11)**

Processing Step	Estimated Cost
Application / Proposal Review, Initial & Final Processing Approval	\$500.00
Mine / Reclamation Plan Review	\$0.00
Appraisal Preparation, Approval, and Periodic Re-Appraisal	\$0.00
NEPA Preparation	\$0.00
<b>Total Estimated Processing Cost</b>	<b>\$500.00</b>

**Approved by:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
BLM Authorized Officer

**Approved by:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Applicant